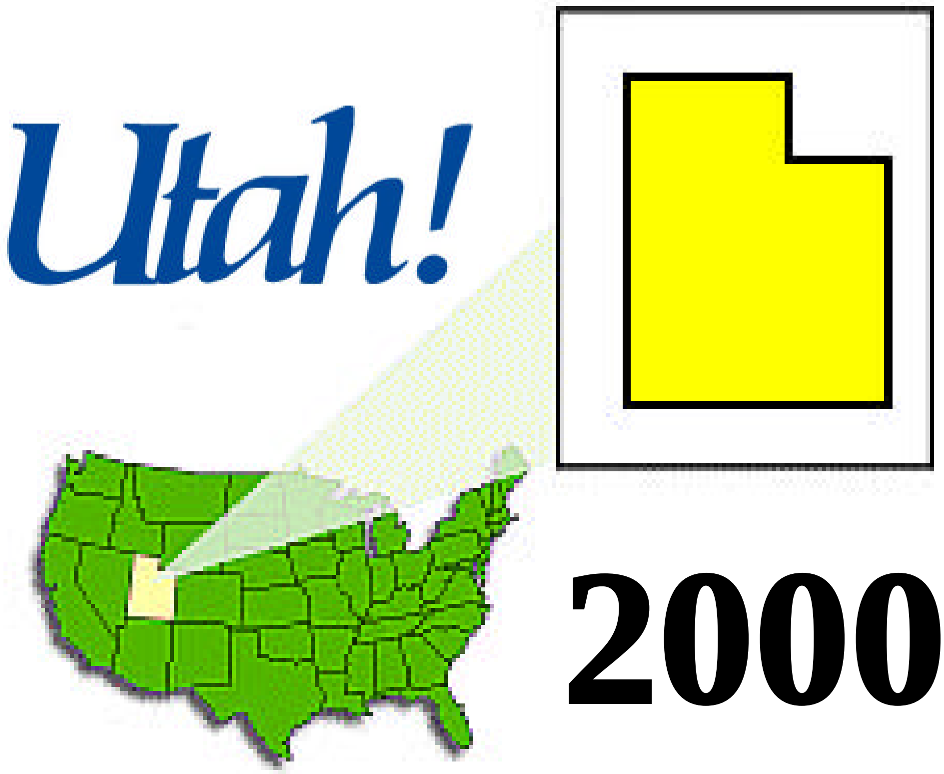
Utah Travel Monitor



2000

A Look at the Numbers and Issues of Tourism in Utah

Utah Division of Travel Development
Department of Community and Economic Development
February 2001

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INTRODUCTION

This report is designed to document the performance of Utah's travel industry. Historical data are presented where possible to place current conditions into historical perspective and provide trend analysis. Although the travel industry is diverse and measurement is difficult, special attention is given to the primary performance indicators; namely, sales and taxation indicators from five key travel sectors, visitation data from the state's top attractions, inquiry tracking through various distribution channels and new industry investment. In addition, one-page reference sheets on the past year's performance, issues and trends within the industry and the outlook for 2001 are included to provide additional insight into the travel industry.

Tourism Defined. Over the years there has been considerable global discussion of the appropriate definition of travel. After years of careful study the World Tourism Organization (WTO) created the following definitions for domestic and international travel:

> *Any person residing in a country, who travels to a place within the country, outside his/her usual environment for a period not exceeding 12 months and whose main purpose of visit is other than an activity remunerated from within the place visited.*
>
> *Any person who travels to a country other than that in which he/she has his/her usual residence but outside his/her usual environment for a period not exceeding 12 months and whose main purpose of visit is other than an activity remunerated from within the place visited.*

The WTO definitions are conceptual and, as such, are subject to various interpretations. For most practical research purposes, travelers are usually defined as those who travel a specific mileage away from home. Most mileage levels range between 50 and 100 miles away from home as the criteria to define travel. Another practical research definition of travel may distinguish between residents and non-residents of a city, county, state or nation.

The word "tourism" is used throughout most of the world to denote travel away from home. However, it generally connotes travel for leisure purposes only. Nonetheless, for the purposes of this report, tourism is synonymous with travel, thus accounting for both leisure and business travel.

Travel and tourism combines segments from other industries that provide goods and services demanded while traveling away from home. It is not considered an industry in the traditional sense of manufacturing or trade; consequently, the exact measurement of the travel industry is difficult. Primary travel and tourism industries often include transportation, eating and drinking establishments, lodging places, auto rentals and amusement and recreation services. The impacts of travel are also felt in manufacturing, construction, real estate, government, public utilities, agriculture and other services. Tourism continues to be among the state's most important economic activities along with other major sectors such as services, trade, government and manufacturing.

Please note that the figures used in this report reflect the performance of the 5-sector model identified and differs from the total spending estimates used and published by the Utah Travel Council for other purposes. Total spending can be seen as inclusive of the 5-sector model while also accounting for spending in other sectors of the economy as well.

EXECUTIVE SUMMARY

Recent History

- While experiencing some fluctuation during 2000, Utah's tourism industry weathered several external shocks to the industry and still generated increasing economic impacts for the State. Total traveler spending increased by 1.0% to $4.25 billion in 2000. Total visitation fell for the first time in the past decade by 2.2% to 17.8 million. Travel-related employment increased by 1.7% to 121,500, an increase of 2,000 jobs over 1999.

- Some of the most important issues and trends impacting the travel industry are memories and experiences (rising expectations, a changing leisure mindset and diversification), technology (the Internet, empowered consumers and consolidation) and the changing face of tourists (mature travelers, minority groups and international travelers).

- Growth in employment and taxable sales in five key tourism sectors (transportation, eating & drinking, hotels, auto rentals and amusement & recreation) have outpaced statewide growth for most of the past decade, thus increasing the role of tourism in the Utah economy.

- After four consecutive years of decelerating growth rates, early estimates for 2000 indicate that growth rates may again be rising, although at slower rates than in the previous decade.

Industry Sectors

- The transportation sector has enjoyed double-digit growth rates in sales and employment for much of the past decade. Key indicators within the sector are mixed, with steady growth in vehicle traffic along the state's Interstates and declines in each of the last four years in airport passenger traffic.

- The eating and drinking sector is the largest component of Utah's tourist sector, accounting for $1.8 billion in sales and over 63,500 jobs in 1999. Restaurants have performed consistently well over the past decade and have provided a significant contribution to county government tax coffers in the form of restaurant tax revenues that have grown to over $20 million. The restaurant sector is more dependent on resident activity than others within the tourism industry.

- Rapid growth in the number of available hotel rooms has outpaced demand during the past several years and has caused occupancy rates to fall each year since 1994. Sales and transient room tax revenues have also been impacted by the lackluster performance of the sector, remaining largely unchanged for the last three years.

- The auto rentals sector employs relatively few people, but generates large amounts of economic activity. Sales growth in the sector has increased dramatically since 1994, rising at an annual average of 17% although sales declined in 1999 for the first time in a decade. A 1999 tax rate increase of 4% in some counties in 1999 caused tax revenues from the sector to increase significantly, approaching $13 million.

- Over the past ten years, the amusement and recreation sector has grown increasingly important to the tourism industry. Growth within the sector has been significant, with sales averaging annual growth of over 14% and employment growing annually at over 7%.

Visitation Indicators

- Total skier days decreased for the first time in five years during the 1999-2000 season, likely impacted by marginal snow conditions and concerns over Y2K.

- Visitation to national parks, monuments and recreation areas and state parks in Utah decreased in 2000. The decrease marks the third time in four years that visitation has fallen in the national parks and the fourth consecutive year of declining visitation at state parks.

- Utah's top 25 tourist attractions as measured by visitation volume remained largely unchanged in 2000, boasting several national parks and recreation areas, state parks, amusement parks and heritage and culture attractions. Thanksgiving Point and the L.D.S. Museum of Church History and Art made appearances in 2000's top 25, replacing Jordanelle State Park and Rockport State Park.

Visitor Contacts

- The Internet continues to revolutionize the distribution of travel information with increasing access to a global audience. Average monthly visits to www.utah.com approached 200,000 in 2000, an increase of 17% over 1999 and over 460% above 1997 levels. The Internet also accounted for 30% of the requests for Utah Travel Guides.

- During 2000, nearly 62,000 requests for Utah information were received from across the U.S. and in 98 countries worldwide, reaching nearly every corner of the globe. The highest concentration of requests originated from Western and Midwestern states.

- Visitors to Utah Welcome Centers declined by -0.2% to 732,000 in 2000, marking the fourth time in five years that visitation to Utah Welcome Centers has declined.

Looking Ahead

- Millions of dollars are being invested in improving the state's transportation infrastructure, many of which focus on improvements along main corridors in the highly traveled Salt Lake metro area.

- Upgrading the visitor experience remains a high priority for destination attractions within the state. Among the many new or expanded attractions built or under construction during the past year are several hotels, Olympic facilities, resorts, conference centers, private attractions and golf resorts.

- General economic indicators illustrate some softening of the spending environment that could adversely impact travel. However, the local forecast is more optimistic due to Olympic preparations and publicity, significant capacity expansion and growth in Utah's core travel markets.

The Year in Review: 2000's Roller Coaster Ride

Utah's tourism and travel industry experienced its ups and downs during 2000. While the preliminary estimates show a decline in the number of tourist arrivals to the state, the indicators for tourism related employment and spending remain positive, showing some growth in the industry. This performance reflects the health and resiliency of the travel and tourism industry. Despite significant external shocks, the tourism industry continued to generate increasing economic returns to the state. Consumer optimism and robust spending likely offset the negative effects of external shocks on the industry. Consider the following positive and negative growth factors:

Positive Growth Factors	Negative Growth Factors
• Continued growth in the U.S. economy • Real income gains • Positive wage growth • Strong consumer confidence • Robust consumer spending • Low unemployment • Record-breaking number of travelers • Continued infrastructure investment in highways, accommodations and resorts • Excess supply creating value-added opportunities	• Lower than average snowfall • Y2K concerns causing travelers to stay at home • Rising energy prices • A strong dollar • Concerns over inflation • Rising interest rates • High summer temperatures and drought conditions in much of the state • Fires in many western states • Airline labor disputes • Excess capacity of hotel rooms • Uncertainty in the stock market

2000 Year-End Tourism Statistics

Category	2000	1999	% Change
Travelers to Utah	17.8 Million	18.2 Million	-2.2%
Number of U.S. Visits	17.1 Million	17.5 Million	-2.8%
Number of Int'l. Visits	750,000	700,000	0.7%
Traveler Spending in Utah	$4.25 Billion	$4.0 Billion	1.0%
Tax Revenues from Travelers	$340 Million	$336 Million	1.0%
Travel-Related Employment	121,500	119,500	1.7%
Direct Employment	68,000	67,000	1.5%
Indirect Employment	53,500	52,500	1.9%
Statewide Performance Numbers	**2000**	**1999**	**% Change**
Salt Lake Int'l. Airport Passengers	19.9 Million	19.9 Million	-0.2%
Traffic Count at Interstate Boarders	21.2 Million	20.7 Million	2.5%
National Park Recreation Visits	5.3 Million	5.5 Million	-3.5%
National Mon. & Rec. Area Visits	5.6 Million	6.4 Million	-12.0%
State Park Visits	6.6 Million	6.8 Million	-3.1%
Skier Days (1999/2000 Season)	3.0 Million	3.1 Million	-5.3%
Welcome Center Visits	732,000	733,000	-0.2%
Internet Visits to Utah.com	2.4 Million	2.0 Million	17.2%
Travel Guide Mail Fulfillment	62,100	61,500	1.0%
Hotel/Motel Occupancy Rate	60.9%	61.6%	-0.7%

SOURCE: Tourism statistics compiled by the Utah Travel Council with input from various reporting agencies.

Top Issues and Trends in the Tourism Industry

The last few years have highlighted several new developments within the tourism industry. The following is a short list of the key issues and trends that will affect strategy development, business and marketing plans and tourism planning in the years ahead.

1. Memories & Experiences

Rising Expectations

Leisure Mindset

Diversification

Today's travelers seek new and unique experiences. Increasing pressures on work and home life have created an environment that is starved for leisure activity. Travelers continue to shorten their leisure trips. Many never completely leave the home or office, remaining "wired" via cell phones, pagers, email, laptops and PDA devices. Consequently, travelers look to make the most of their limited leisure opportunities. Destinations and attractions must be fresh, innovative, exciting, creative, cost conscious and offer value-added products. Traditional travel segments (adventure travel, nature tourism, cultural and heritage tourism and family travel) remain popular. In addition, many non-traditional activities (birding, mountain biking, cruises, festivals, special events, etc.) are increasingly popular as travelers seek out the quintessential memory that will define their vacation experience. Customers rather than suppliers increasingly determine product offerings and build customized itineraries based on specific tastes and preferences.

2. Technology

The Internet

Empowered Consumers

Consolidation & Alliances

The Internet has revolutionized the travel industry. Technology has empowered the consumer with information and is the driving force behind personalization and customization. The reduced barriers of the Internet have effectively leveled the level playing field among competing destinations, especially among smaller establishments. Travel research via the Internet is rapidly becoming the premier source of travel information influencing decision-making. Online bookings and reservations are also growing each year. The changes brought about by technology underscore other changes within the travel and tourism distribution system. Airlines, travel agencies and other travel professionals continue to consolidate and form alliances with the mindset that bigger is better. However, smaller niche competitors can also thrive based on their ability to be flexible and adaptive to the needs of a specific target audience.

3. Changing Face of Tourists

Mature Travelers

Minority Groups

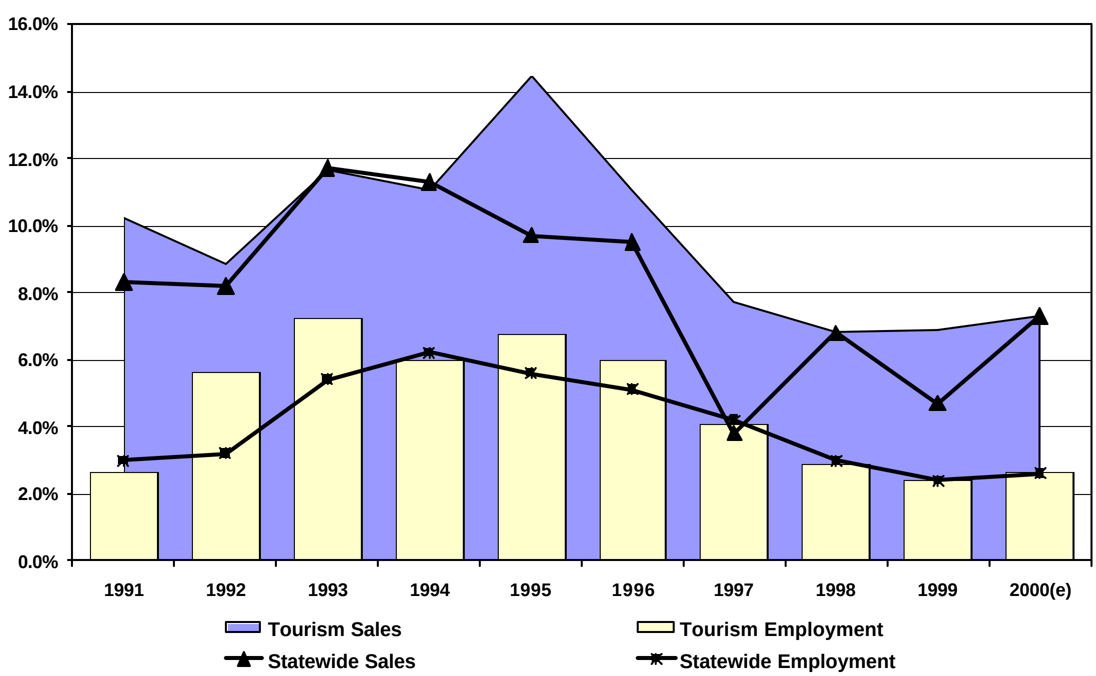
International Travelers

As the baby-boomers grow older and move towards retirement, large amounts of both time and money will become available for the pursuit of leisure activities. The combination of time, money and desire means that this group may look to fulfill years of pent up demand for dream vacations. Nevertheless, travel will compete with other lifestyle choices for entertainment. Minority groups (including African-Americans, Asian Americans and Hispanics) are among the fastest growing population groups in the U.S. and will represent an increasing percentage of all travelers. The combination of easier access to information and economic growth will open markets in Latin America, Asia and Eastern Europe. Combined with existing markets in Western Europe and Canada, international tourism presents the highest growth potential of any group. On the industry side, deregulation, new aircraft and the emergence of regional carriers has increased competition and opened up new routes. Many of the new routes to the U.S. focus on more complete service to the west (Las Vegas, Phoenix, Denver, San Diego and Salt Lake City).

INDUSTRY SECTORS

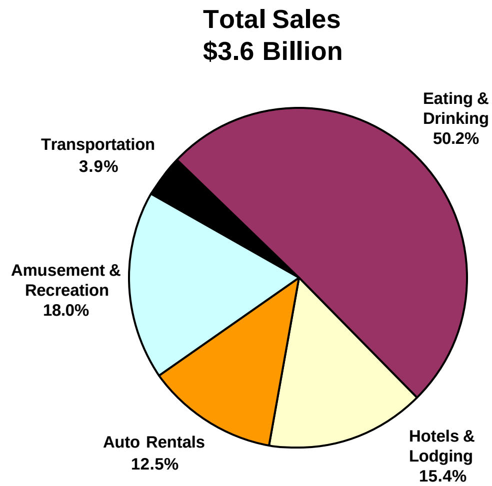
Five key tourism-dependent industries are responsible for most of the measurable impact of the travel industry: transportation, eating and drinking establishments, hotel and lodging places, auto rentals and amusement and recreation services. While not all taxable sales or employment from these industries is attributable to tourism, travelers account for much of the sector's performance. Collectively, these sectors accounted for an estimated $3.9 billion in total taxable retail sales in 2000. Since 1990, growth in these sectors has equaled or exceeded statewide growth in ten of eleven years and currently accounts for over 12% of total taxable retail sales in the state. Although these sectors have performed extraordinarily well during the past decade, averaging growth rates of nearly 10% per year, growth has slowed considerably since peaking in the mid-90s, decelerating each year from 1995 to 1999. Early estimates indicate that the slowdown may have bottomed out in 1998-99, with growth rates increasing again in 2000 behind the state's stronger economic performance. Historically, there has been a strong correlation between the growth of taxable retail sales in travel sectors and the change in employment. Similar to patterns of taxable retail sales, employment growth has been steady throughout the decade of the 90's, with average annual growth rates near 5%. In 2000, estimated employment in these five tourism sectors accounted for nearly 150,000 jobs in the state, or 14% of total nonagricultural employment in Utah. Further, the growth in travel sector employment equaled or outpaced statewide growth in nine of eleven years. ***The growth of travel in the past decade clearly indicates that it is a major part of the state's economic growth and is becoming an even larger contributor to the state's overall economy.***

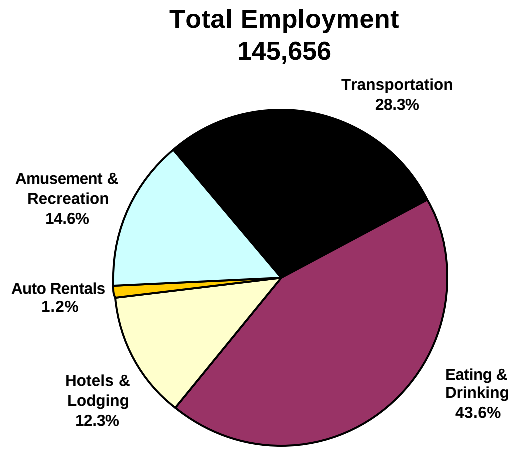
Tourism Industry Growth Rates vs. Statewide Growth Rates



SOURCE: Utah State Tax Commission and Utah Department of Workforce Services

Shares of Utah's Tourism Industry – Five Major Sectors, 1999





SOURCE: Utah State Tax Commission and Utah Department of Workforce Services

Gross Taxable Retail Sales for Tourism Industry – Five Major Sectors, 1990-1999

	Dollar Amounts (Millions)										AAPC	% Change
Tourism Sector	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**1990-99**	**1990-99**
Transportation (SIC Codes 4011-4789)	$44	$39	$49	$57	$69	$81	$92	$102	$123	$140	13.7%	218.2%
Eating & Drinking Places (SIC Codes 5812-5813)	$861	$935	$1,025	$1,140	$1,234	$1,349	$1,473	$1,554	$1,677	$1,815	8.6%	110.8%
Services												
Hotel & Lodging (SIC Codes 7011-7041)	$307	$351	$373	$400	$423	$473	$528	$557	$551	$556	6.8%	81.1%
Auto Rentals (SIC Codes 7513-7519)	$148	$160	$162	$182	$208	$292	$351	$409	$459	$453	13.2%	206.1%
Amusement & Recreation (SIC Codes 7812-7999)	$194	$228	$256	$303	$378	$451	$495	$544	$572	$650	14.4%	235.1%
Grand Total for Tourism Industries	**$1,554**	**$1,713**	**$1,865**	**$2,082**	**$2,312**	**$2,646**	**$2,939**	**$3,166**	**$3,382**	**$3,614**	**9.8%**	**132.6%**
Tourism Industry Growth Rate	***NA***	***10.2%***	***8.9%***	***11.6%***	***11.0%***	***14.4%***	***11.1%***	***7.7%***	***6.8%***	***6.9%***		
Statewide Growth Rate	NA	8.3%	8.2%	11.7%	11.3%	9.7%	9.5%	3.8%	6.8%	4.7%		

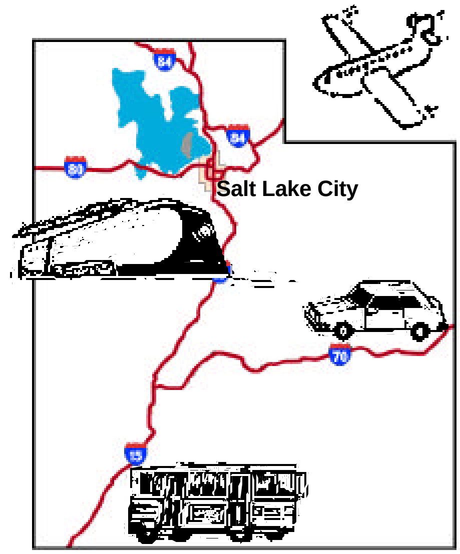
SOURCE: Utah State Tax Commission

Utah Employment for Tourism Industry – Five Major Sectors, 1990-1999

											AAPC	% Change
Tourism Sector	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**1990-99**	**1990-99**
Transportation (SIC Codes 4011-4789)	27,687	27,979	29,211	31,409	32,803	34,964	36,949	38,715	40,620	41,184	4.5%	48.7%
Eating & Drinking Places (SIC Codes 5812-5813)	43,167	44,763	47,707	50,901	54,289	57,763	60,462	62,093	62,705	63,540	4.4%	47.2%
Services												
Hotel & Lodging (SIC Codes 7011-7041)	12,174	12,530	12,666	13,602	14,158	14,297	15,132	16,346	17,129	17,906	4.4%	47.1%
Auto Rentals (SIC Codes 7513-7519)	863	828	826	969	974	1,134	1,235	1,366	1,625	1,743	8.1%	102.0%
Amusement & Recreation (SIC Codes 7812-7999)	11,357	11,679	12,870	13,873	15,162	17,163	19,072	19,734	20,161	21,283	7.2%	87.4%
Grand Total for Tourism Industries	**95,248**	**97,779**	**103,280**	**110,754**	**117,386**	**125,321**	**132,850**	**138,254**	**142,240**	**145,656**	**4.8%**	**52.9%**
Tourism Industry Growth Rate	***NA***	***2.7%***	***5.6%***	***7.2%***	***6.0%***	***6.8%***	***6.0%***	***4.1%***	***2.9%***	***2.4%***		
Statewide Growth Rate	NA	3.0%	3.2%	5.4%	6.2%	5.6%	5.1%	4.2%	3.0%	2.4%		

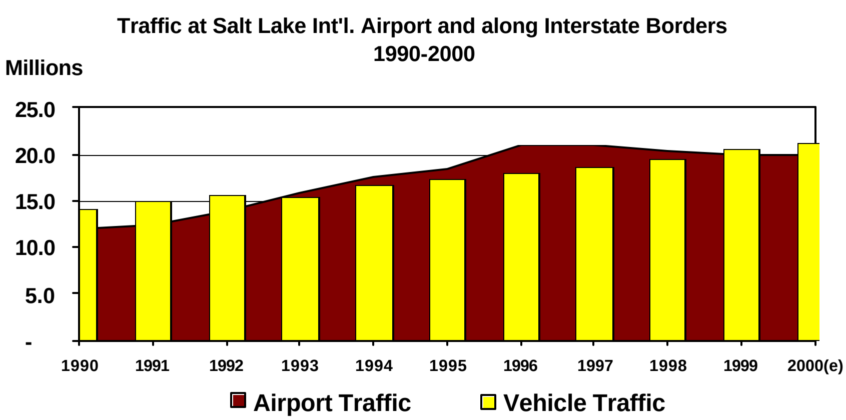
SOURCE: Utah Department of Workforce Services

Transportation. The transportation sector has grown rapidly during the past ten years, averaging growth of nearly 14% per year. Gross taxable retail sales topped $140 million in 1999. However, the sales figures alone underscore the importance of the transportation sector to the tourism industry. Much more important than the contribution made by the sector in terms of taxable sales are the number of jobs the sector supports (over 41,000 in 1999). Job growth in the sector has averaged 4.5% since 1990, compared to job growth of 4.2% statewide. Two of the key indicators in the transportation sector are the passenger counts at Salt Lake International Airport and vehicle border crossings along Utah's interstates.



In 2000, the passenger count at Salt Lake International Airport declined by 0.2% to a level of 19.9 million, marking the fourth consecutive year of decreases in airline passengers. However, despite the slight decrease in total passengers, 2000 recorded an increase in the number of destination visits, measured by local enplanes and deplanes. Representing approximately 55% of total passengers in 2000, total enplanes and deplanes increased by 2.3% to nearly 11.0 million.

Total vehicle border crossings along Utah's interstates increased 2.5% to a record 21.2 million in 2000. While traffic increased in 2000, its growth was much lower than the 4.6% average annual growth for the past decade. The border crossings in the state that receive the most traffic are the I-15 Utah-Arizona border and the I-80 Utah-Wyoming border.

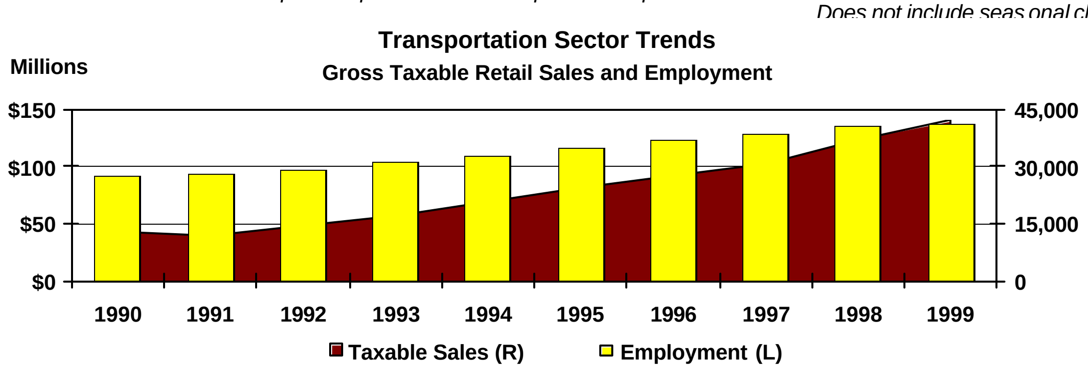


SOURCE: Utah Dept. of Airports and Utah Dept. of Transportation

Salt Lake Int'l. Airport Scheduled Daily Departures (as of December 2000)	
America West	6
America	6
Continental	4
Delta	147
Frontier	3
jetBlue	1
Northwest	4
SkyWest	104
Southwest	38
TWA	3
United	17
TOTAL	**333**

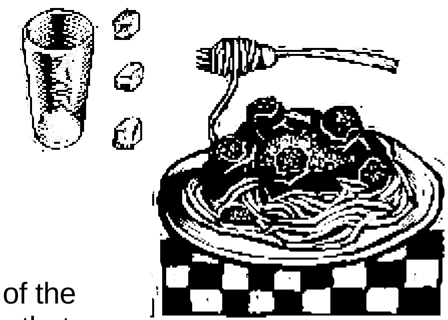
As reported by the airlines to the SH&E/ABC Airport Schedule Report

Does not include seasonal charters

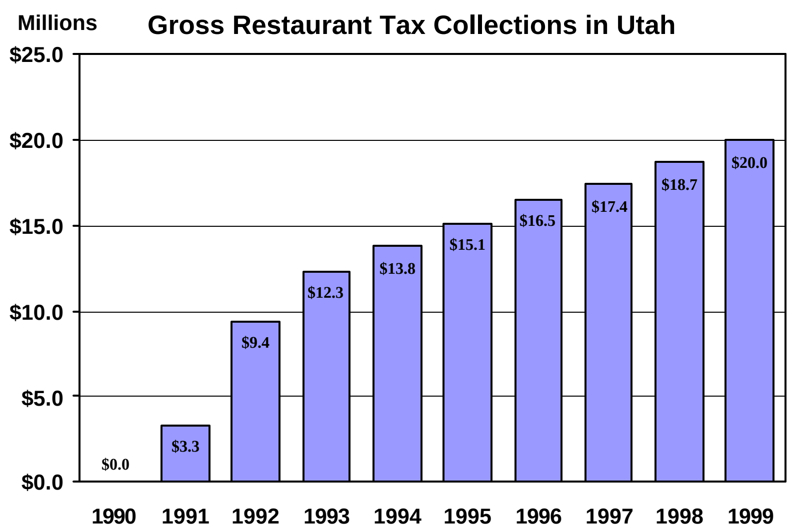


SOURCE: Utah State Tax Commission and Utah Department of Workforce Services

Eating & Drinking. The eating and drinking sector is comprised mostly of restaurants, clubs, bars and other such establishments. Together, they form the largest sector within the travel industry, accounting for over 50% of total taxable retail sales and over 40% of total industry employment in 1999. In 1999, the eating and drinking sector accounted for over $1.8 billion in sales and over 63,500 jobs.



Tourism promoters are particularly aware of the performance of the eating and drinking sector because of a 1991 legislative action that allowed counties within the state to levy a 1% tax on prepared foods and beverages sold for immediate consumption. Currently, 24 counties levy the 1% tax as part of the larger Tourism, Recreation, Cultural, Convention and Facilities Tax. The counties may use revenues from the tax for a variety of purposes to "foster the development of tourism, recreation, cultural and convention facilities." (Utah State Tax Code, 59-12-601 (1)(e)) Restaurants have performed consistently well throughout the past decade, growing at an average rate of 8.6%. In 1999, gross taxable sales in the eating and drinking sector increased by 8.2% while restaurant tax revenues increased slightly less at 7.0%. More than other travel sectors, the eating and drinking sector is dependent on the resident population for a portion of its business. Consequently, most of the restaurant sales originate within the Wasatch Front area (including Salt Lake, Davis, Weber and Utah counties). Over 75% of the total restaurant tax revenues were collected in the Wasatch Front. This is not surprising given that approximately 75% of the state's populations reside within the same area.



SOURCE: Utah State Tax Commission

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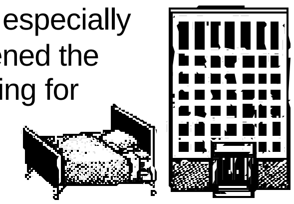
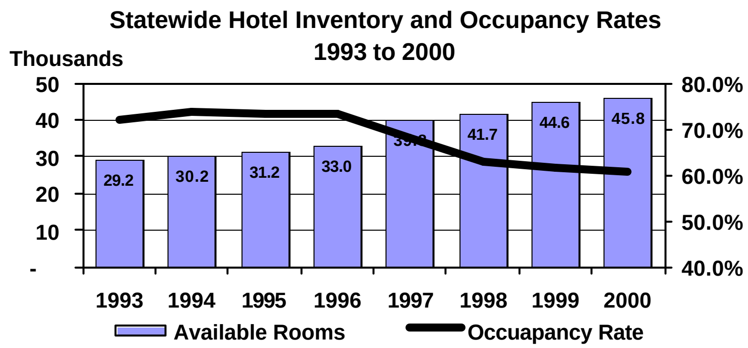
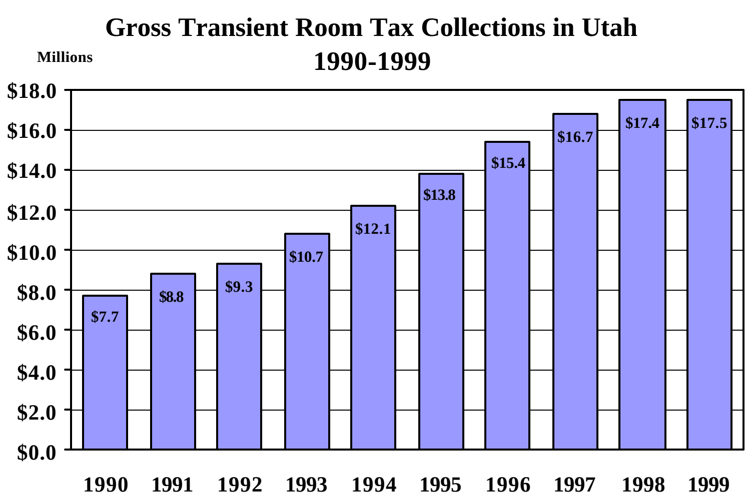


Hotels & Lodging. The rapid increase in the number of available rooms, especially in the Salt Lake market, combined with slower demand growth has dampened the hotel market in recent years. Occupancies declined to 60.9% in 2000, falling for the sixth consecutive year and marking a decline of 12.8% percentage points since peaking at 73.7% in 1994. Occupancies have fallen most precipitously since 1996, corresponding with a rapid increase in room supply. Since 1996, the number of available rooms has increased by nearly 40%, from just over 33,000 in 1996 to almost 46,000 in 2000. On the positive side, transient room tax collections and gross taxable room rents have risen consistently over the past ten years, although growth has slowed considerably over the past few years. Taxable sales in the sector also reflect a slowing in recent years. However, the rise in the number of rooms has caused employment growth to remain stable in the sector, generating between 750-1,000 new jobs each year.



SOURCE: Utah Hotel & Lodging Association and Rocky Mtn. Lodging Report



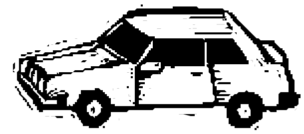
SOURCE: Utah State Tax Commission

Room Inventory by County, 2000			
Salt Lake	17,362	Carbon	572
Washington	3,851	Wasatch	572
Summit	3,286	Uintah	564
Utah	2,833	Beaver	482
Grand	2,325	Millard	334
Garfield	2,154	Sanpete	267
Iron	1,921	Box Elder	248
Weber	1,783	Duchesne	225
Davis	1,327	Emery	208
Kane	1,124	Juab	193
San Juan	837	Daggett	133
Cache	828	Rich	133
Sevier	773	Piute	109
Tooele	763	Morgan	4
Wayne	575	**Total**	**45,786**

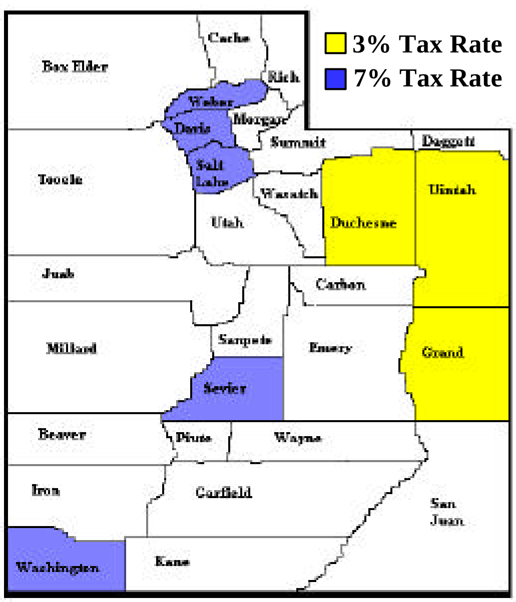
SOURCE: Utah Hotel & Lodging Association

SOURCE: Utah State Tax Commission and Utah Department of Workforce Services

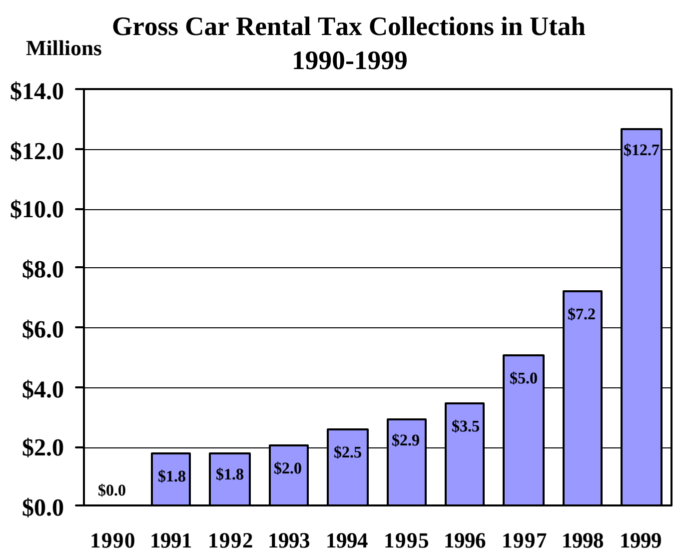
Auto Rentals. While employing a relatively small number of people, the auto rental sector generates significant sales statewide. Since 1994, gross taxable sales in the auto rentals sector have risen dramatically, increasing at an average rate of 17% per year. However, sales declined to $453 million in 1999, marking the first annual decrease in the past decade. Employment gains, while small, have been steady throughout the decade. The sector supported over 1,700 jobs in 1999. The auto rental sector collects several taxes, including state and local sales tax, county-based car rental taxes and a statewide car rental tax. As part of the Tourism, Recreation, Cultural, Convention Facilities Tax, seven counties impose a car rental tax (three counties impose the tax at 3%, five impose a 7% tax). As a result of recent tax rate increases, revenues from the county-based car rental tax have risen to nearly $10 million, almost all of which is generated in Salt Lake County. In addition to the county-based tax, the statewide motor vehicle rental tax is imposed in all counties at 2.5%.



County-Based Car Rental Tax Rates



SOURCE: Utah State Tax Commission



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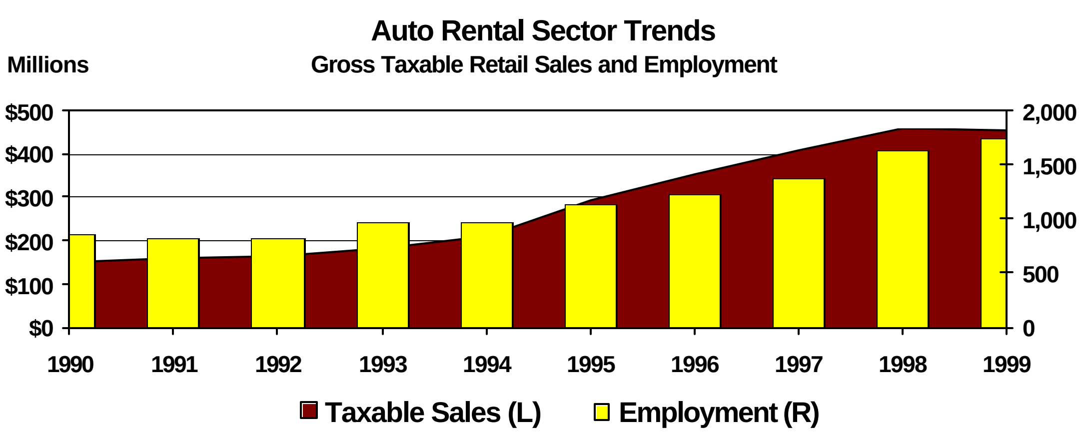
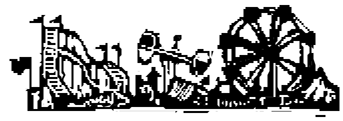
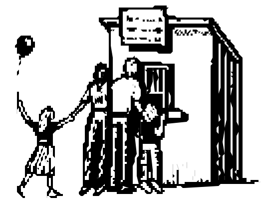


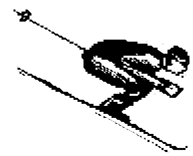
SOURCE: Utah State Tax Commission and Utah Department of Workforce Services



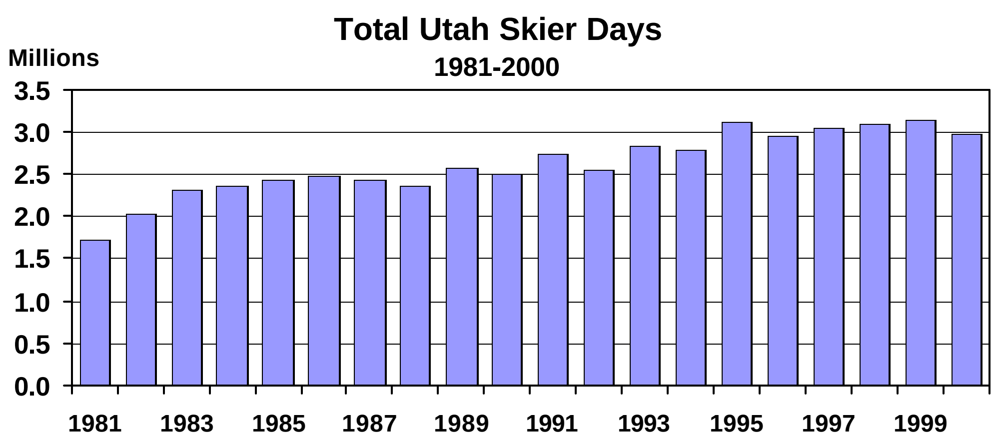


Amusement & Recreation. The amusement and recreation sector is perhaps the most diverse of any tourism sector. Included in the sector are attractions such as ski resorts, commercial sports venues, movie theaters, bowling alleys and amusement parks. The sector is one of the

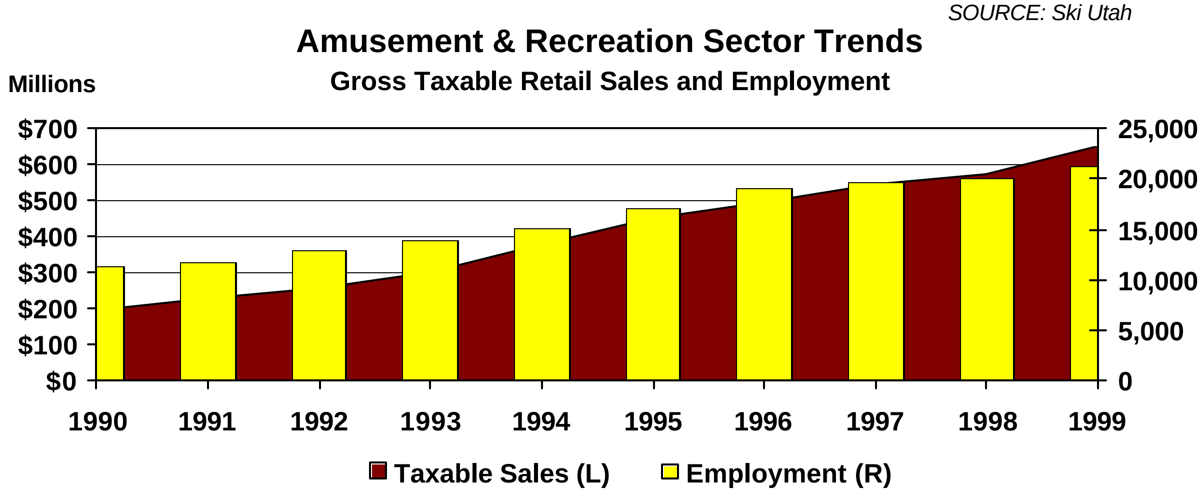
largest and fastest growing segments in the Utah economy. Over the past decade, growth in taxable sales within the sector has averaged an astounding 14.4%. Employment growth has been equally robust, averaging growth rates above 7% throughout the 1990s. In 1999, the amusement and recreation sector generated $650 million in sales for the state and supported over 21,000 jobs. Over the past ten years, the sector has become increasingly important to the travel industry. Within the five major sectors, amusement and recreation has increased its share of taxable sales from 12.5% in 1990 to 18.0% in 1999. Employment growth has followed a similar pattern, increasing from 11.9% of travel sector employment in 1990 to 14.6% of travel sector employment in 1999.



Skiing. Marginal snow conditions and fears of potential Y2K problems kept skiers at home during the 1999/2000 season. After peaking during the 1998/99 season, total skier days ended the year down 5.3% at 3.0 million, roughly the same number as in 1996. Utah's performance reflects a national trend of little growth in the number of skier days over the past several years.



SOURCE: Ski Utah



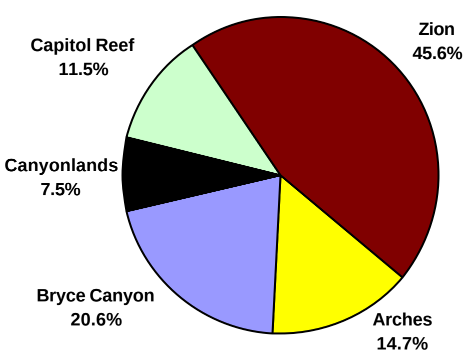
SOURCE: Utah State Tax Commission and Utah Department of Workforce Services

VISITATION INDICATORS

Many attractions statewide record the level of visitation as part of their normal business activities. Visitor counts represent an inexact portrayal of the actual number of visitors to an area, as well as an attraction's impact on the community. Ranging from head counts to vehicle counts to ticket counts to traffic counters, each attraction, whether administered by one of the several local, state or federal government agencies or by private business, uses a different methodology to count the number of visitors. Consequently, making comparisons from one attraction to another is difficult and often does not reflect the true nature of the attraction. Further, to equate the volume of visitation with the quality of experience is to miss the point about travel in Utah. While Utah's national and state parks, forests, historical and cultural attractions, ski, snowboard and summer resorts and countless events are all worthy of visitation, the ultimate factor in determining an attraction's importance is visitor satisfaction. The savvy traveler will make a Utah town, city, region or resort his/her home base and get to know its many attractions and adventures. In this light, whether an attraction ranks among the top ten or is a hidden treasure with very few visitors is inconsequential.

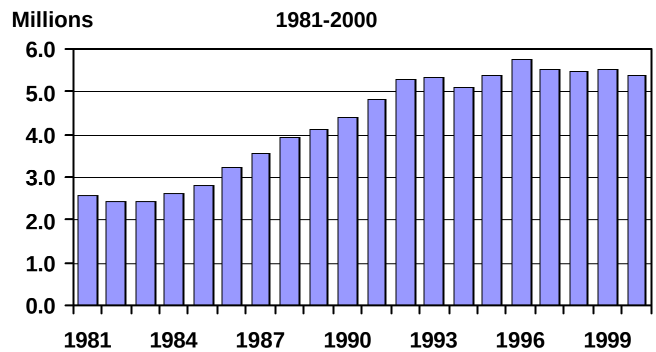
National Parks. Visiting national parks is Utah's top tourist attraction among non-resident visitors. Each year since 1992, Utah's national parks have attracted over 5 million visitors. Zion is the most popular national park, followed by Bryce Canyon and Arches. The popularity of Utah's national parks increased rapidly during the mid-80s and early 90s, growing by nearly 10% per year to 5.3 million visitors by 1992. However, since 1992, the number of visitors to Utah's national parks has remained relatively unchanged. Visitation at Utah's national parks peaked in 1996 at 5.7 million, but has since declined in three of the last four years. In 2000, 5.3 million visitors arrived at Utah's National Parks, a 3.5% decrease from 1999. Among the parks, visitation increased only at Bryce Canyon (1.6%). Zion reported a slight decrease in visitation (-0.7%), mostly due to the completion of construction projects within the park that caused daily visitor counts to decrease. Arches, Capitol Reef and Canyonlands each recorded a significant decrease in visitation, declining by -9.6%, -9.9% and -10.0% respectively.

Share of Total Visitors, 2000



SOURCE: National Park Service

National Park Visitation

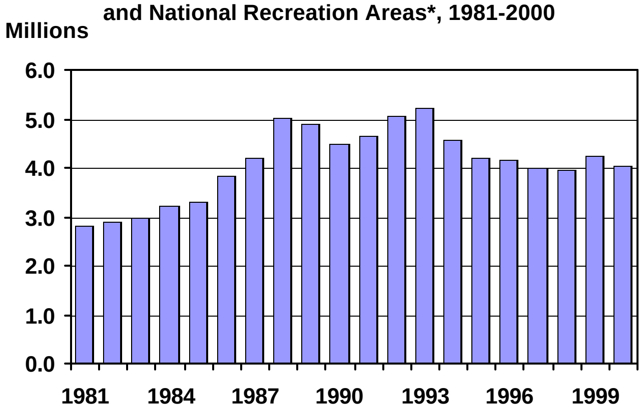


SOURCE: National Park Service

Visitation to Utah National Parks, 2000 (Thousands)					
Arches – 786	Bryce Canyon – 1,099	Canyonlands – 402	Capitol Reef – 613	Zion – 2,432	**Total – 5,332**

National Monuments & Recreation Areas. Various federal agencies, including the National Park Service, U.S. Forest Service and BLM manage Utah's national monuments and recreation areas. The different managing agencies make comparisons from year to year difficult. Likewise, each designation of a new monument changes the visitation counts significantly. In 2000, visitation to Utah's national monuments and recreation areas totaled 5.6 million, down significantly from 1999's 6.4 million. Most of the decrease can be attributed to changes in the visitor count process at the Grand Staircase-Escalante NM. Changes in the visitor count process at the GSENM resulted in a 50% decline in reported visitation. Without GSENM's decline, visitation at national monuments and recreation areas decreased by only 3.8%, a number much more consistent with the performance of Utah's other national and state parks. All of Utah's national monuments and recreation areas reported declines during 2000, ranging from almost no change at Flaming Gorge NRA to a 16% decrease at Rainbow Bridge NM.

Visitation at Utah National Monuments and National Recreation Areas*, 1981-2000



NOTE: Does not include Grand Staircase-Escalante NM or Flaming Gorge NRA

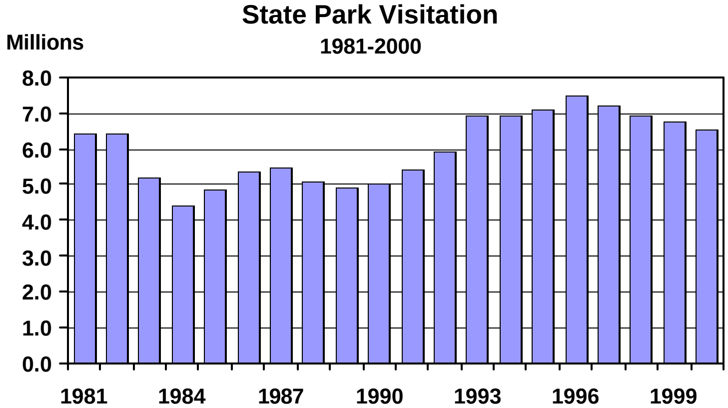
SOURCE: National Park Service

Visitation to Nat'l. Monuments & Recreation Areas (Thousands)		
Glen Canyon NRA	2,568	-2.7%
Flaming Gorge NRA	1,044	0.0%
G. Staircase-Escalante NM	572	-49.9%
Cedar Breaks NM	551	-7.8%
Dinosaur NM	397	-3.3%
Rainbow Bridge NM	198	-15.7%
Timpanogos NM	115	-6.2%
Natural Bridges NM	113	-12.9%
Golden Spike NHS	45	-4.7%
Hovenweep NM	43	-9.0%
TOTAL	**5,645**	**-12.0%**

SOURCE: National Park Service

Utah State Parks. Total visitation to Utah's 44 state parks declined by 3.1% to 6.6 million visitors. Accounting for two thirds of total state park visitation, results among the state's ten most popular state parks were mixed. Visitation increased at Wasatch Mountain, Quail Creek, Antelope Island, Willard Bay, Bear Lake and Deer Creek and decreased at Snow Canyon, Utah Lake, Jordanelle and Dead Horse Point. Visitation counts at state parks fluctuate from year to year and can become biased as a result of equipment changes or malfunction, personnel changes, legislative changes or changes in designations.

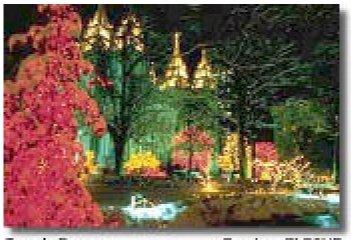
State Park Visitation
1981-2000



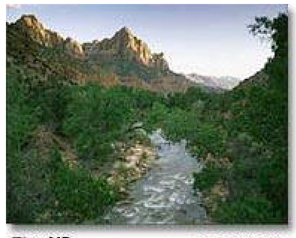
SOURCE: Utah Division of Parks & Recreation

Utah's 10 Most Popular State Parks 2000 Visitation Estimates (Thousands)		
Wasatch Mountain	930	3.7%
Quail Creek	849	2.8%
Snow Canyon	502	-18.0%
Utah Lake	406	-6.1%
Antelope Island	343	4.1%
Willard Bay	341	10.9%
Bear Lake (3 Locations)	289	4.3%
Jordanelle (2 Locations)	262	-22.8%
Deer Creek	254	28.3%
Dead Horse Point	174	-15.0%
TOTAL STATE PARKS	**6,555**	**-3.1%**

SOURCE: Utah Division of Parks & Recreation



Temple Square Courtesy SLC&VB



Zion NP Rick McCalin

Lake Powell John Telford

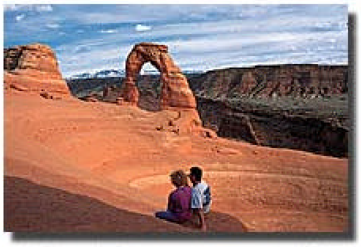
Top 25 Tourist Attractions by Visitor Volume

Rank	Destination	Rank 1999	2000 Visitation
1	L.D.S. Temple Square	1	5-7 Million
2	Glen Canyon National Recreation Area	2	2.6 Million
3	Zion National Park	3	2.4 Million
4	Lagoon Amusement Park	4	1.2 Million
5	Bryce Canyon National Park	6	1.1 Million
6	Flaming Gorge National Recreation Area	7	1.0 Million
7	Wasatch Mountain State Park	9	930,000
8	L.D.S. Family History Research Centers	8	860,000
9	Quail Creek State Park	11	850,000
10	Arches National Park	10	790,000
11	Utah's Hogle Zoo	12	720,000
12	Capitol Reef National Park	13	610,000
13	Grand Staircase-Escalante National Monument	5	570,000
14	Cedar Breaks National Monument	14	550,000
15	Snow Canyon State Park	15	500,000
16	Utah Lake State Park	17	410,000
17	Canyonlands National Park	16	400,000
18	Dinosaur National Monument	18	400,000
19	Monument Valley Navajo Tribal Park	19	360,000
20	Antelope Island State Park	21	340,000
21	Willard Bay State Park	22	340,000
22	Thanksgiving Point	20	300,000
23	This Is The Place Heritage Park	23	290,000
24	Bear Lake State Park (3 locations)	24	290,000
25	L.D.S. Museum of Church History & Art	29	270,000

Source: Utah Travel Council, Ski Utah, NPS, U.S. Forest Service, BLM, SLCVB, Utah Department of Parks and Recreation, Lagoon Amusement Park, Monument Valley Navajo Tribal Park and Thanksgiving Point

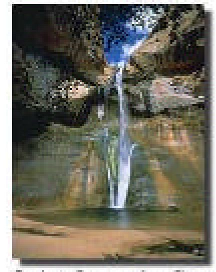
*L.D.S. Temple Square and the Flaming Gorge National Recreation Area do not keep official visitation statistics. The numbers used are Utah Travel Council estimates based on historical performance.

To equate the volume of visitation with the quality of experience is to miss the point about travel in Utah. While Utah's national and state parks, forests, historical and cultural attractions, ski, snowboard and summer resorts and countless events are all worthy of visitation, the ultimate factor in determining an attraction's importance is visitor satisfaction. The savvy traveler will make a Utah town, city, region or resort his/her home base and get to know its many attractions and adventures. In this light, whether an attraction ranks among the top ten or is a hidden treasure with very few visitors is inconsequential.



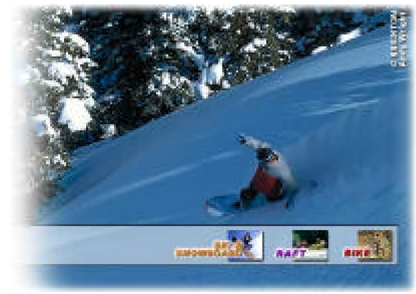
Delicate Arch UTC

Bryce Canyon NP Tom Till

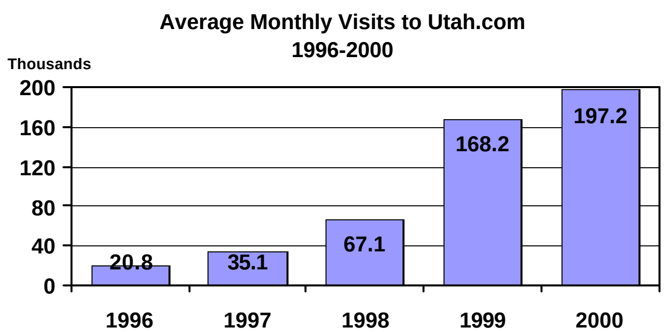


Escalante Canyons Jerry Sintz

TOURIST CONTACTS



Utah.com. The presence of the Internet has revolutionized the method by which travelers seek out destination information. According to a recent report issued by the Travelers Association of America (TIA), the percentage of U.S. adults who use the Internet for travel planning, including seeking out destination information or making price or schedule comparisons has increased dramatically, rising from about 2% of all U.S. adults in 1996 to 30% of adults in 2000. This represents nearly 60 million online travelers. The most common types of Internet sites travelers frequent are search engines (77%), company sites (63%) and destination sites (63%). Utah operates its own destination website with consumer information at www.utah.com. Results from Utah.com corroborate the findings of the TIA research report. Average monthly visits to the website have risen nearly 850% since 1996, from 20,800 per month in 1996 to 197,200 per month in 2000. The Internet became the number one source of requests for the 2000 Utah Travel Guide, with nearly 30% of information requests received via the Internet.



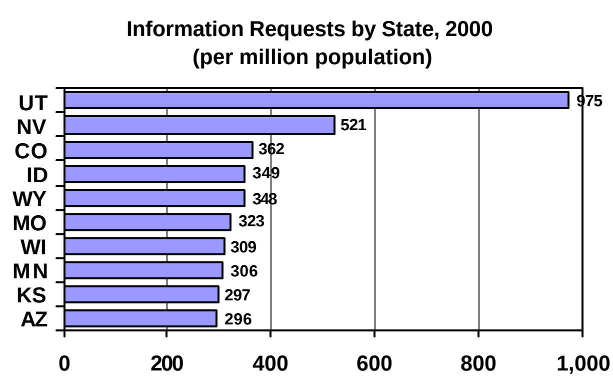
SOURCE: Utah.com

Utah Travel Guide. During 2000, nearly 62,000 requests for Utah Travel Guides were recorded, roughly equal to the number of requests that were received in 1999. Fulfillment requests were received from all fifty states, the District of Columbia, several U.S. territories and 98 countries worldwide. Domestic requests accounted for 90% of the total, with the distribution of requests generally mirroring state populations. A per capita measure of Utah Travel Guide makes state comparisons more relevant. By that easure, western states appear at the top of the list, led by Utah, Nevada, Colorado and Idaho. Several Midwestern states, including Missouri, Wisconsin and Minnesota also appeared in the top ten, suggesting a possible regional advantage in that area. Among international requests, Western Europe and Canada dominated the list, accounting for over 75% of total requests. However, the widespread distribution of the Utah Travel Guide and the growing number of requests from developing countries in Eastern Europe, Asia and South America reflects the ease with which information is exchanged in the modern economy and the increasing interest in international travel.

Utah Travel Guide Distribution - 2000

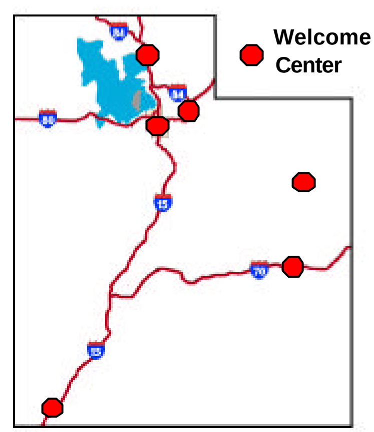
Region	% of Total	State	% of Total
United States	89.3%	California	7.8%
W. Europe	4.7%	Texas	7.1%
Canada	3.4%	Florida	5.6%
E. Europe	1.1%	Illinois	5.1%
Asia	0.6%	Pennsylvania	4.0%
Oceania	0.4%	New York	3.9%
S. America	0.3%	Utah	3.8%
Middle East	0.1%	Ohio	3.4%
Africa	0.0%	Missouri	3.1%
		Michigan	3.1%

SOURCE: Utah Travel Council

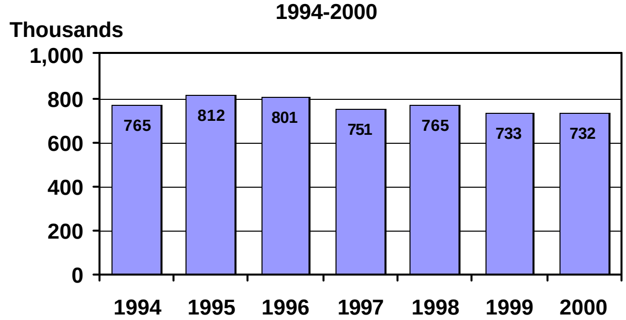


SOURCE: Utah Travel Council

Welcome Centers. Utah operates five welcome centers located at the key points of entry to the state plus a visitor information center at Council Hall in Salt Lake City. In 2000, 732,000 visitors were recorded at welcome centers, reflecting a slight decrease over 1999 and marking the fourth time in five years that welcome center visitation has declined. Visitation reports at the centers were mixed, with Council Hall (20.9%) and St. George (5.9%) reporting increases. Visitation at Echo remained unchanged over 1999 while visitors to Brigham City (-8.9%), Thompson Springs (-4.8%) and Jensen (-3.5%) declined. Mirroring the high vehicle traffic along I-15 at the UT-AZ border and along I-80 at the UT-WY border, visitation is highest at the St. George and Echo Welcome Centers.

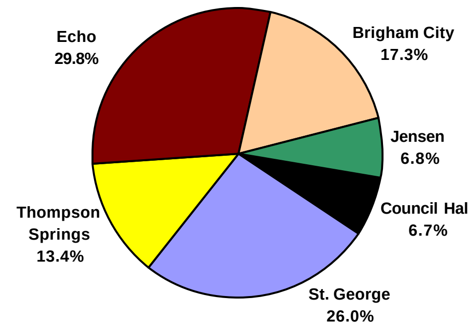


Welcome Center Visitors
1994-2000



SOURCE: Utah Travel Council

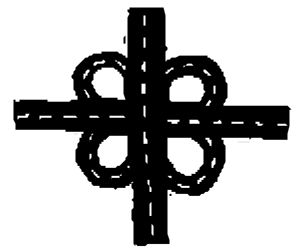
Share of Welcome Center Visitors, 2000



SOURCE: Utah Travel Council

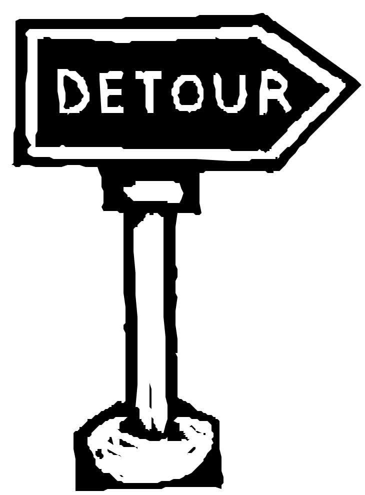
INVESTMENT FOR THE FUTURE

Transportation. During 2000, millions of dollars were invested in improving the state's transportation infrastructure. The state boasts several major on going or completed projects that will significantly improve the ease of travel along some of Utah's most traveled corridors. The following is a list of major projects ($30 million or more) that were completed, furthered or begun in 2000.



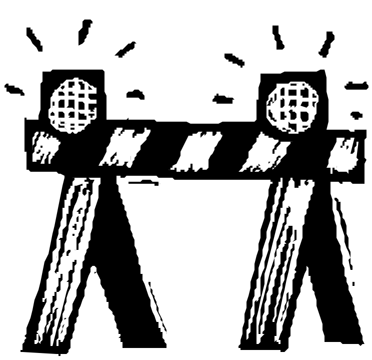
- Davis County Interstate-15 Expansion ($50 million)
- Interstate-15 Reconstruction ($1.63 billion)
- Interstate-80 Silver Creek/Kimball Junction ($52 million)
- Light Rail East-West Line ($119 million)
- Light Rail North-South Line ($313 million)
- Logan Canyon Highway Renovation ($60 million)

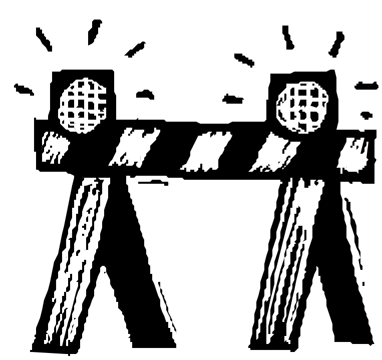
New Destination Facilities. Many of Utah's destination attractions have undertaken an ambitious task of upgrading the quality of the visitor experience by providing improvements in accommodations and amenities. Further, several new projects add to the existing base of great attractions within the state. The result is a greater supply of quality attractions that offer unique visitor experiences. The following is a list of major projects ($30 million or more) that were completed, furthered or begun in 2000.



- Canyons Hotel and Village ($202 million)
- Latter Day Saints Conference Center ($240 million)
- Little America Hotel ($185 million)
- Marriott Hotel ($50 million)
- Oquirrh Park Speed Skating Oval ($32 million)
- Park City Ski Resort Expansion ($150 million)
- Round Valley Golf Resort ($100 million)
- Salt Palace Expansion ($47 million)
- Snowbasin Resort ($100 million)
- Soldier Hollow ($31 million)
- Solitude Resort Expansion ($100 million)
- SouthTowne Convention Center ($65 million)
- Stein Eriksen Lodge ($30 million)
- Thanksgiving Point ($250 million)
- Utah Olympic Park ($97 million)
- Zermatt Swiss Resort ($40 million)

SOURCE: Governor's Office of Planning and Budget





OUTLOOK FOR 2001

RECORD or RECESSION

Many of the economic indicators that provide insight to the future prospects of the travel industry are mixed for 2001. Personal consumption will likely slow considerably, especially compared to the high growth rates of recent years. Falling consumer confidence, slower income gains, rising unemployment, and lackluster performance from the stock market will dampen spending. Increasing energy costs, particularly in the West, will cut into consumer's discretionary income. However, within a historical context, consumer confidence remains high and unemployment is still low. Falling interest rates and a possible tax cut will likely be used to combat the slowing economy and may restore confidence and consumer spending. Productivity should continue to improve behind healthy business investment and the strength of the high tech sector.

While the economic environment may offer mixed signals, the local environment for travel and tourism is more positive. The approach of the 2002 Olympic Winter Games should propel the state's tourism industry forward behind the positive impacts of on-going preparations and increased media attention. Between 1996 and 2002 the Olympic Winter Games will create an estimated 35,000 job years of employment, $1.5 billion in earnings and $4.5 billion in total economic output. Many of these impacts have already occurred. On an annualized basis, however, 2001 will experience the largest economic effects from the Olympics.

Forecasters highlight the following positive and negative growth factors for 2001.

Positive Growth Factors	Negative Growth Factors
• Completion of Olympic venues and subsequent hosting of Olympic test events • Increased media attention related to preparations for and hosting of the 2002 Winter Olympics • Significant progress and completion of major infrastructure projects such as I-15, TRAX and ski resort improvements • Moderating oil prices • Declining interest rates and a possible tax cut • Increasing productivity leading to real income gains • More favorable exchange rates • Improving international economies, notably in Western Europe and Japan • Growth in Utah's core market segments, including adventure travel, "back-to-nature" tourism and family travel • Continued interest in the American West, including western heritage, Native American heritage and other historic and pre-historic sites • Continued growth of the LDS Church with the addition of the Conference Center and the Main Street Plaza to church headquarter buildings and other church-related sites • Increased convention space and an excess capacity of hotel rooms, especially in the Salt Lake market	• A national or regional economic slowdown that is accompanied by lower consumer confidence and less consumer spending • Perceptions that Utah is "closed for business," "under construction" or "very expensive" due to Olympic preparations • Additional external shocks, such as sustained high oil prices, higher interest rates, inflationary pressures or setbacks in stock market valuation and new investment • Reduced discretionary income due to the rising costs of natural gas and electricity, especially in the West • International economic fluctuations including slow growth and unfavorable exchange rates in Canada, Western Europe and Japan • Reduced seat capacity coincident with increased airfare prices to Salt Lake International Airport • Prolonged labor disputes within Delta Airlines • Inability to meet the rising expectations of destination travelers in terms of quality service, convenience and availability of amenities • Natural conditions such as fires or inclement weather

Continued investment in focused marketing and promotion efforts is essential to mitigate potential economic fluctuations and transform the attention and image awareness generated by the Olympics into significant economic gains. Further, integrated marketing messages from state and local tourism development partners can better maximize the effects of promotional spending. Long-range tourism planning and community input must be part of a balanced economic development strategy in order to capture significant, long-lasting benefits from the travel and tourism industry.